

Estimate change	↑
TP change	↔
Rating change	↔

CMP: INR140 TP: INR155 (+11%) Neutral

NIM expansion and lower provisions drive earnings

Asset quality improves

- DCB Bank (DCBB) reported 9.5% YoY/23% QoQ growth in PAT to INR1.6b (18% beat) in 4QFY24, driven by a sharp decline in provisions.
- NII grew 4% YoY to INR5.1b (up 7% QoQ; 4% beat), aided by 14bp QoQ expansion in margins to 3.62%.
- Advances grew 19% YoY, supported by healthy growth in mortgages, agri, and gold loans. Deposits rose 19.7% YoY/4.7% QoQ, led by growth in both CASA and term deposits. CASA mix stood at 26% in 4QFY24.
- GNPA ratio improved 20bp QoQ, while NNPA ratio improved 11bp QoQ to 1.11%. PCR improved 130bp QoQ to 66.4% during the quarter.
- We raise our earnings estimates by 3.9%/3.5% for FY25/FY26. We estimate FY26E RoA/RoE at 0.95%/13.5%. **Reiterate Neutral with a TP of INR155 (based on 0.8x FY26E ABV).**

Business growth healthy; asset quality improves

- DCBB reported 9.5% YoY/23% QoQ growth in PAT to INR1.6b (18% beat), driven by a sharp decline in provisions. In 4QFY24, provisions stood at INR241m (down 54% YoY; 53% lower than MOFSLe).
- NII grew 4% YoY to INR5.1b (up 7% QoQ, 4% beat). Other income rose 11% YoY (in line), resulting in a 6% YoY growth in total revenue (in line). This growth was driven by a 14bp QoQ improvement in margin to 3.62%.
- Opex was up 13% YoY as the bank continued to invest in the business and ramped up the employee count. PPop declined 4.2% YoY (in line).
- Advances grew 19% YoY/5.1% QoQ, supported by healthy growth in mortgages, agri, and gold loans. Deposits grew 19.7% YoY (+4.7% QoQ), led by growth in both CASA and term deposits. CASA ratio stood at ~26%.
- Slippages moderated to INR3.22b (vs. INR4.26b in 3QFY24). GNPA ratio thus improved 20bp QoQ, while NNPA ratio improved 11bp QoQ to 1.11%. PCR nevertheless improved 130bp QoQ to 66.4%. The restructured book stood at INR10.7b (2.6% of loans).

Highlights from the management commentary

- Management guided for an RoA of 1% or above and an RoE closer to 14% in the near term.
- The bank guided for a C/I ratio of 55% or below in the near term, and cost-to-average assets of 2.4-2.5%.
- NIM expanded 14bp QoQ to 3.6%. Mix change in both deposits and advances is likely to aid NIM going forward.
- Mortgages (Home Loan + LAP), MSME/SME, Gold Loans, Co-lending, AIB, and Construction Finance are expected to lead the growth trajectory.

Bloomberg	DCBB IN
Equity Shares (m)	312
M.Cap.(INRb)/(USD\$b)	42.6 / 0.5
52-Week Range (INR)	163 / 101
1, 6, 12 Rel. Per (%)	11/0/7
12M Avg Val (INR M)	316

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	19.3	22.8	27.0
OP	8.6	10.7	13.2
NP	5.4	6.3	7.7
NIM (%)	3.7	3.7	3.7
EPS (INR)	17.1	20.3	24.5
EPS Gr. (%)	14.6	18.4	20.7
BV/Sh. (INR)	157	175	197
ABV/Sh. (INR)	147	164	185

Ratios

RoE (%)	11.9	12.6	13.5
RoA (%)	0.9	0.9	1.0

Valuations

P/E (x)	8.2	6.9	5.7
P/BV (x)	0.9	0.8	0.7
P/ABV (X)	1.0	0.9	0.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	14.8	14.8	14.8
DII	29.7	34.2	40.0
FII	12.8	13.0	12.3
Others	42.8	38.0	32.9

FII Includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view: Maintain Neutral with a TP of INR155

DCBB reported a steady quarter, with earnings exceeding our estimates due to lower provisions. Margin improved 14bp QoQ to 3.62%, and management guided NIM to sustain at 3.65-3.75% in the medium term, benefitting from mix change in both deposits and advances. Loan growth was steady due to a healthy growth in mortgages, agri and gold loans, while deposits grew strongly, led by both CASA and term deposits. Fresh slippages moderated, while the restructured book stood under control at 2.6% of loans. We raise our earnings estimates by 3.9%/3.5% for FY25/FY26. We estimate FY26E RoA/RoE at 0.95%/13.5%. **Reiterate Neutral with a TP of INR155 (based on 0.8x FY26E ABV).**

Quarterly performance

(INR m)

	FY23				FY24E				FY23	FY24	FY24E 4QE	V/s our Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,757	4,740	5,075	17,170	19,279	4,885	3.9
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	15.7	6.3	4.4	26.5	12.3	0.5	
Other Income	924	992	954	1,223	1,069	1,074	1,237	1,362	4,094	4,742	1,369	-0.5
Total Income	4,664	5,103	5,414	6,083	5,777	5,831	5,977	6,437	21,264	24,021	6,254	2.9
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,862	4,100	13,397	15,377	3,965	3.4
Operating Profit	1,661	1,826	1,941	2,439	2,087	2,105	2,115	2,337	7,867	8,644	2,289	2.1
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	15.3	9.0	-4.2	-1.3	9.9	-6.1	
Provisions	350	310	407	525	377	397	410	241	1,787	1,425	513	-53.1
Profit before Tax	1,311	1,516	1,534	1,915	1,709	1,708	1,705	2,097	6,080	7,220	1,776	18.0
Tax	340	392	396	493	440	441	439	540	1,424	1,860	460	17.4
Net Profit	971	1,124	1,139	1,422	1,269	1,268	1,266	1,557	4,656	5,360	1,316	18.3
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	12.9	11.2	9.5	61.9	15.1	-7.5	
Operating Parameters												
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	455.0	471.2	493.5	412.4	493.5	491.2	0.5
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.8	389.5	409.2	343.8	409.2	407.1	0.5
Deposit Growth (%)	14.6	16.3	22.6	18.9	22.6	23.1	19.3	19.7	18.9	19.7	19.1	0.6
Loan Growth (%)	17.9	17.9	20.6	18.2	19.0	19.1	18.2	19.0	18.2	19.0	18.4	0.6
Asset Quality												
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.4	3.2	3.2	3.2	3.4	-0.1
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	1.1	1.0	1.1	1.2	-0.1
PCR (%)	57.8	61.3	63.0	68.2	64.1	62.8	65.1	66.4	68.2	66.3	65.3	1.1

E: MOFSL Estimates

Quarterly snapshot

	FY23				FY24				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss (INR m)										
Net Interest Income	3,740	4,111	4,460	4,860	4,707	4,757	4,740	5,075	4	7
Other Income	924	992	954	1,223	1,069	1,074	1,237	1,362	11	10
Total Income	4,664	5,103	5,414	6,083	5,777	5,831	5,977	6,437	6	8
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,862	4,100	13	6
Employee	1,551	1,717	1,796	1,865	1,951	1,889	1,984	2,119	14	7
Others	1,451	1,561	1,677	1,778	1,739	1,836	1,878	1,981	11	5
Operating Profits	1,661	1,826	1,941	2,439	2,087	2,105	2,115	2,337	-4	11
Core Operating Profits	1,601	1,806	1,921	2,429	2,057	2,065	1,975	2,227	-8	13
Provisions	350	310	407	525	377	397	410	241	-54	-41
PBT	1,311	1,516	1,534	1,915	1,709	1,708	1,705	2,097	10	23
Taxes	340	392	396	493	440	441	439	540	10	23
PAT	971	1,124	1,139	1,422	1,269	1,268	1,266	1,557	9	23
Balance Sheet (INR B)										
Loans	298	313	330	344	355	373	390	409	19	5
Deposits	351	370	395	412	430	455	471	494	20	5
CASA Deposits	100	108	109	109	112	114	123	128	18	4
Borrowings	40	35	38	41	47	52	54	62	51	16
Total Assets	452	468	499	524	550	577	598	630	20	5
Asset Quality										
GNPA	12,885	12,492	12,233	11,228	11,814	12,813	13,676	13,535	21	-1
NNPA	5,436	4,829	4,532	3,569	4,239	4,764	4,769	4,543	27	-5
Slippages	5,710	4,550	4,030	2,690	3,420	3,950	4,280	3,230	20	-25
Ratios (%)										
		FY23				FY24			Change (bps)	
Asset Quality	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.4	3.2	4	-20
NNPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	1.1	7	-11
PCR (Calculated, %)	57.8	61.3	63.0	68.2	64.1	62.8	65.1	66.4	-178	130
Slippage ratio	9.1	7.1	6.1	3.9	5.0	5.5	5.7	4.1	15	-161
Business Ratios										
CASA	28.6	29.3	27.6	26.4	26.0	25.0	26.1	26.0	-40	-11
Loan/Deposit	85.0	84.7	83.4	83.4	82.5	81.9	82.7	82.9	-45	26
Fees to Total Income	13.9	15.1	12.9	15.0	13.0	16.6	16.4	18.3	337	194
Cost to Core Income	68.4	67.2	67.3	63.1	67.6	65.0	67.5	65.5	239	-198
Cost to Asset	2.8	3.0	3.1	3.0	2.9	2.9	2.8	2.8	-16	2
Tax Rate	25.9	25.9	25.8	25.7	25.7	25.8	25.8	25.8	3	-1
Capitalisation Ratios (%)										
Tier-1	15.4	14.9	14.5	15.2	14.8	14.3	13.7	14.5	-65	84
CAR	18.5	17.9	16.3	17.6	17.1	16.6	15.7	16.6	-96	87
RWA / Total Assets	55.1	55.1	53.9	53.9	52.9	52.2	52.4	52.1	-181	-36
LCR	143.9	139.3	128.6	130.0	121.5	117.5	0.0	0.0	-12,998	0
Profitability Ratios										
Yield on loans	10.7	10.8	11.0	11.7	11.6	11.6	11.4	11.7	4	27
Cost of funds	6.0	6.0	6.1	6.4	6.7	6.9	7.0	7.1	73	12
Margins	3.61	3.88	4.02	4.18	3.83	3.69	3.48	3.62	-56	14
Others										
Branches	405	410	418	427	436	439	440	442	15	2
ATM	373	381	385	396	409	414	416	418	22	2
Employees (K)	8.7	9.4	9.6	9.9	9.6	10.0	10.5	11.3	1	1



Highlights from the management commentary

Balance sheet and P&L related

- In 4QFY24, the bank's advances grew 19% YoY, while deposits rose 20% YoY.
- Mortgages (Home Loan + LAP), MSME/SME, Gold Loans, Co-lending, AIB, and Construction Finance are expected to lead the growth trajectory.
- Mr. Murli Natrajan's tenure as the MD & CEO will conclude on 28th Apr'24, who will be succeeded by Mr. Praveen Kutty.
- The top 20 deposits have come down to 6.57% of total deposits in a tight liquidity market. The bank has invested more headcount in frontline branches so that it gets reduced to ~5%.
- NIM expanded 14bp QoQ to 3.6%. Mix change in both deposits and advances is likely to aid NIMs going forward.
- In FY23, PSLC income stood at INR250m and in FY24, it was ~INR40-50m.
- On the deposits front, the bank aims to focus on CASA and for this the bank has launched new products, effective fintech tie-ups, which have resulted in rising SA deposits.
- Higher disbursal has led to higher processing fee income; treasury and exchange incomes have also led to healthy fee growth. The bank expects fee growth to be in line with the balance sheet.
- CASA growth stood at ~18%. The rate is not the reason that savings account is going up but new products like DCB Happy, small ticket-size savings accounts, and tax front services given to existing customers will lead to CASA growth.
- Yield on investments and yield on assets have seen an uptick; from the collection efficiency perspective, GNPA has come down and also a small change in the mix of loans has led to NIM growth.
- Corporate loan book was less than 10% and the bank is mainly on the retail side; so focus should be on cost/average assets and not on Cost/income ratio. On opex side, a lot of things are happening in the digital front, which is leading to cost cuts.
- MFI is less than 6% of overall book and the bank meets all PSLC requirements in this area; MFI growth is in line with overall balance sheet growth.
- Co-lending has come down as one of the gold loan co-lending partners' disbursements have stopped coming from 4th Mar'24. Co-lending book is expected to revive going forward.
- There has been a tightening of liquidity with C/D ratio at 83% and deposit has grown by 20%. However, the top 20 depositors have decreased to 6.57%, which means there is granularization in deposits.
- DCBB is digitally acquiring NTB customers in partnership with Niyu. The bank has a separate team to focus on Retail CASA deposits.
- It has launched a product named DCB Happy recently, in which the customer gets cash back on UPI transaction. This is attracting a lot of customers.
- Most floating rate loans have hybrid floating facility available; at the beginning, customers can choose a fully-fixed rate loan or floating rate as per their preference, but hybrid will necessarily change to floating rate only.
- Total business/employee and business/branch are the best metrics to track productivity of the bank.

- The bank is not involved in any digital-lending side, and is only involved in digital deposits. It is not aware of any investigation happening from regulator end.
- Transition from home loans to loan against property is ongoing, which gives the bank additional yield.
- 45% of the book is retail mortgages. Product mix change will lead to increase in yield on advances going forward as well.
- The bank will continue to grow its deposits base higher than advances. Incremental loans are priced right so as to be the high-yielding advances.
- Bulk of SA account balances for the bank comes at the lower bucket pricing band. The bank offers higher rates on higher bucket ticket sizes to attract customers for SA.
- DCBB is not looking to grow in the corporate book, but will keep it at similar levels.
- The majority of deposits are coming from retail and not bulk, otherwise cost will be impacted.
- If EBLR rate gets cut going forward, the bank will have savings deposit where rates can be cut to maintain its margins.
- Collection efficiency is improving and the bank expects this to improve going forward as well

Asset quality related

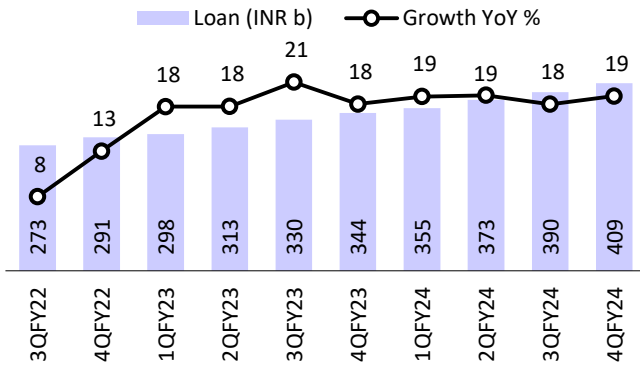
- GNPA/NNPA ratio improved 20bp/11bp QoQ to 3.2%/1.1%. PCR stood at 66.4% in 4QFY24.
- The bank has guided for GNPA of below 2.50% and NNPA of 1.00%.
- The bank has ~INR13b of NPA pool yet to work on and guided for credit costs at ~45-55bp.
- Fresh slippages ratio stood at 3.35% in 4QFY24 vs. 4.63% in 3QFY24. The bank expects recoveries and upgrades to stay healthy.

Guidance related

- Management guides RoA of 1% or above and RoE closer to 14% in the near term.
- The bank guides for C/I ratio of 55% or below in near term and cost to average assets of 2.4% to 2.5%.
- Management aims to double the book in the next 3-4 years.
- DCBB will continue to add the headcount to continue to fund the growth; on branch additions front, the bank will look to add 15-20 branches every year.
- NIM is expected to stabilize after FY24. Bank guides for 3.65-3.75% of NIMs.

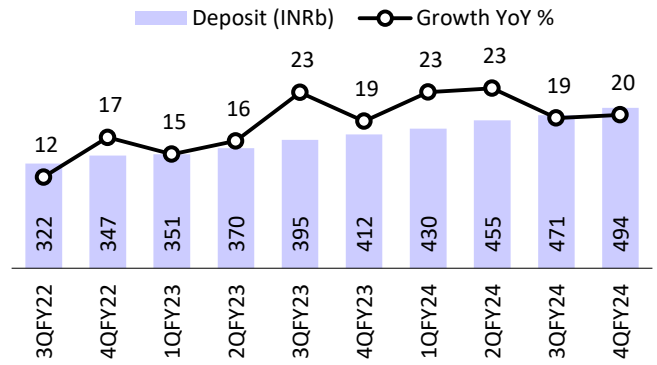
Story in charts

Exhibit 1: Loan book grew 19% YoY (5.1% QoQ)



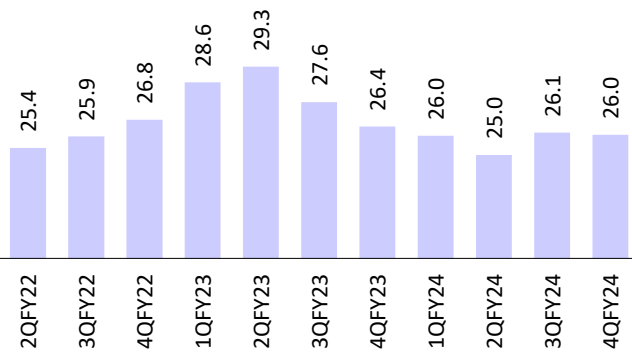
Source: MOFSL, Company

Exhibit 2: Deposits book grew 20% YoY (4.7% QoQ)



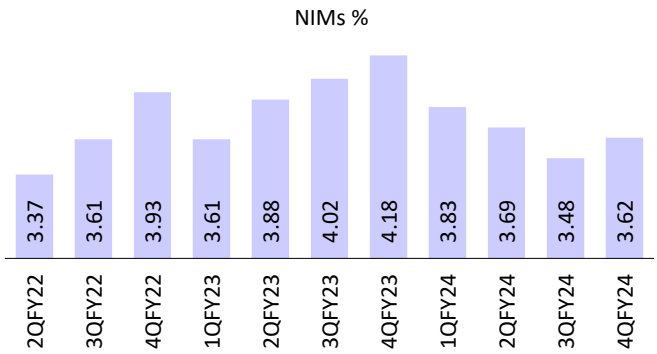
Source: MOFSL, Company

Exhibit 3: CASA ratio stood at 26% in 4QFY24



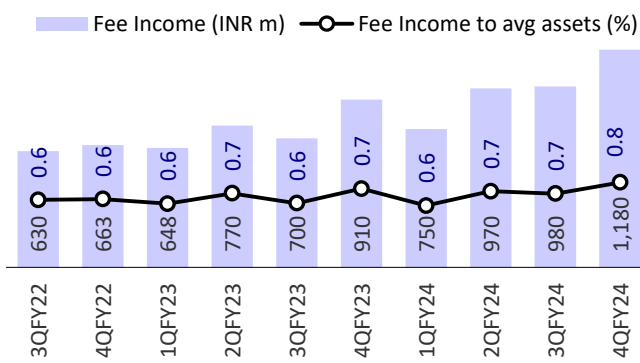
Source: MOFSL, Company

Exhibit 4: Reported NIM improved 14bp QoQ to 3.62%



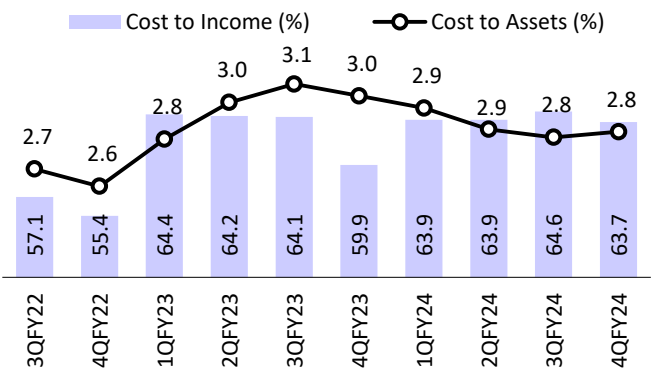
Source: MOFSL, Company

Exhibit 5: Fee income-to-assets stood at 0.8% of avg. assets



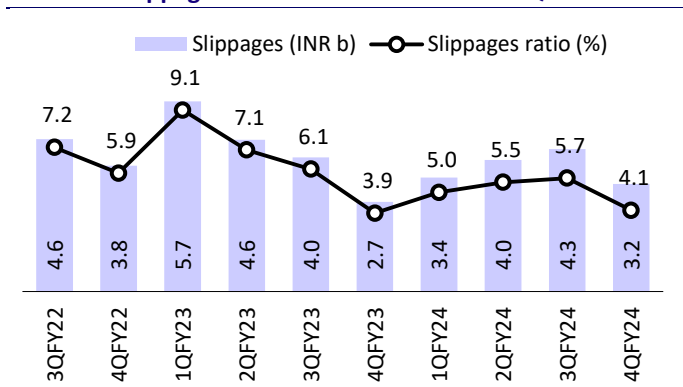
Source: MOFSL, Company

Exhibit 6: C/I ratio declined over the past few quarters to 63.7%



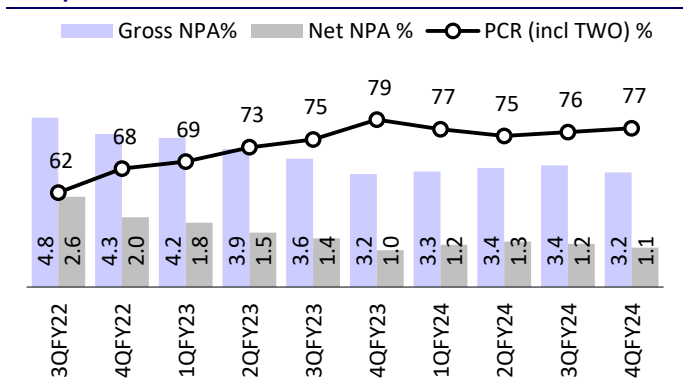
Source: MOFSL, Company

Exhibit 7: Slippages moderated to INR3.2b in 4QFY24



Source: MOFSL, Company

Exhibit 8: Asset quality improved with GNPA/NNPA ratio at 3.2%/1.1%



Source: MOFSL, Company

Exhibit 9: Segment-wise GNPA

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	YoY (%)	QoQ (%)
CV/STVL	2,259	2,300	2,180	2,080	1,790	1,520	1,550	1,570	1,490	-16.8%	-5.1%
Corporate	1,014	1,010	2,040	2,150	1,990	2,210	2,280	2,280	1,950	-2.0%	-14.5%
SME + MSME	1,380	1,490	1,480	1,470	1,300	1,380	1,540	1,650	1,610	23.8%	-2.4%
Mortgages	3,423	3,310	2,950	2,900	2,700	3,160	3,610	4,200	4,450	64.8%	6.0%
AIB	2,916	3,170	2,970	2,900	2,740	2,940	3,000	3,240	3,220	17.5%	-0.6%
Gold loan	1,330	1,060	410	290	190	240	420	320	330	73.7%	3.1%
Others	577	540	460	440	520	360	410	420	480	14.3%	14.3%
Total GNPA's	12,899	12,880	12,490	12,230	11,230	11,810	12,810	13,680	13,530	21.6%	-1.1%

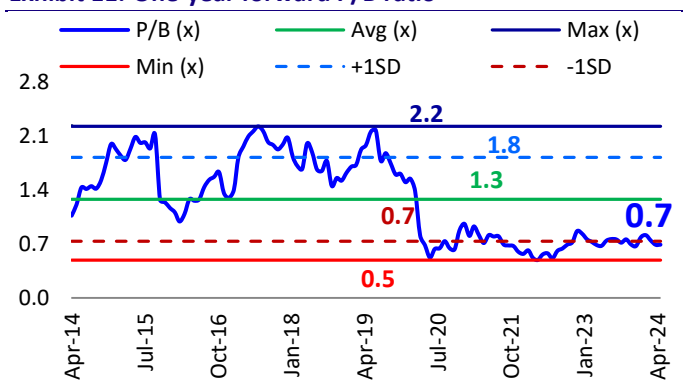
Valuation and view - Maintain Neutral with a TP of INR155

- Advances growth has picked up well over the past few quarters, backed by healthy traction across segments, primarily mortgages. Deposits have shown a healthy traction in the current quarter. We expect an overall loan CAGR of 19% during FY24–FY26.
- GNPA ratio improved 20bp QoQ, while NNPA ratio improved 11bp QoQ to 1.11%. Slippages moderated to INR3.22b (vs. INR4.26b in 3QFY24). PCR nevertheless improved 130bp QoQ to 66.4%. The restructured book stood at INR10.7b (2.6% of loans).
- **Reiterate Neutral with a TP of INR155:** DCBB reported a steady quarter, with earnings exceeding our estimates due to lower provisions. Margin improved 14bp QoQ to 3.62%, and management guided NIM to sustain at 3.65-3.75% in the medium term, benefitting from mix change in both deposits and advances. Loan growth was steady due to a healthy growth in mortgages, agri and gold loans, while deposits grew strongly, led by both CASA and term deposits. Fresh slippages moderated, while the restructured book stood under control at 2.6% of loans. We raise our earnings estimates by 3.9%/3.5% for FY25/FY26. We estimate FY26E RoA/RoE at 0.95%/13.5%. **Reiterate Neutral with a TP of INR155 (based on 0.8x FY26E ABV).**

Exhibit 10: Changes to our estimates

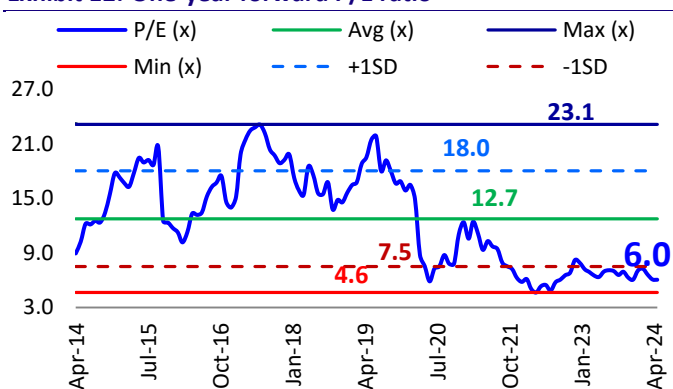
(INR b)	Old Estimates		Revised Estimates		Change (%/bp)	
	FY25	FY26	FY25	FY26	FY25	FY26
NII	22.1	26.4	22.8	27.0	3.3	2.2
Other Income	5.6	6.6	5.6	6.6	-0.1	-0.1
Total Income	27.7	33.0	28.4	33.6	2.6	1.8
Operating Expenses	17.4	20.2	17.7	20.4	1.4	1.4
Operating Profits	10.2	12.9	10.7	13.2	4.8	2.4
Provisions	2.0	2.9	2.2	2.9	8.4	-1.5
PBT	8.2	10.0	8.5	10.3	3.9	3.5
Tax	2.1	2.6	2.2	2.7	3.9	3.5
PAT	6.1	7.4	6.3	7.7	3.9	3.5
Loans	487	586	485	577	-0.5	-1.5
Deposits	587	703	590	702	0.5	-0.1
Margins (%)	3.6	3.6	3.7	3.7	8	7
Credit Cost (%)	0.4	0.5	0.5	0.5	4	0
RoA (%)	0.91	0.92	0.93	0.95	2	3
RoE (%)	12.3	13.3	12.6	13.5	31	25
BV	173	194	175	197	1.0	1.3
ABV	162	183	164	185	1.2	1.1
EPS	20	24	20	24	3.5	3.1

Exhibit 11: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 12: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 13: DuPont Analysis – RoA to sustain at ~0.95%

DCB Bank	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	9.52	8.86	8.32	8.65	9.29	9.06	9.03
Interest Expended	6.12	5.56	5.11	5.11	5.95	5.72	5.66
Net interest Income	3.41	3.29	3.22	3.53	3.34	3.34	3.36
Fee income	0.88	0.78	0.88	0.82	0.89	0.90	0.91
Trading and others	0.18	0.37	0.19	0.02	-0.07	-0.08	-0.09
Non-interest Income	1.05	1.14	1.07	0.84	0.82	0.82	0.82
Total Income	4.46	4.44	4.29	4.38	4.16	4.16	4.19
Operating expenses	2.43	2.17	2.40	2.76	2.66	2.59	2.54
Employees	1.24	1.11	1.28	1.43	1.38	1.35	1.32
Others	1.20	1.06	1.12	1.33	1.29	1.24	1.22
Operating profits	2.03	2.27	1.89	1.62	1.50	1.57	1.64
Core PPOp	1.85	1.90	1.70	1.60	1.57	1.65	1.73
Provisions	0.70	1.11	0.97	0.37	0.25	0.32	0.36
PBT	1.32	1.16	0.92	1.25	1.25	1.25	1.28
Tax	0.41	0.30	0.24	0.29	0.32	0.32	0.33
ROA (%)	0.91	0.86	0.68	0.96	0.93	0.93	0.95
Leverage (x)	12.27	11.64	11.48	12.01	12.77	13.52	14.16
ROE (%)	11.16	10.01	7.82	11.51	11.86	12.56	13.50

Financials and valuations

Income Statement							INRm	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Interest Income	35,366	34,582	35,128	42,003	53,620	61,827	72,518	
Interest Expense	22,717	21,716	21,553	24,833	34,341	39,029	45,492	
Net Interest Income	12,649	12,866	13,575	17,170	19,279	22,798	27,026	
Growth (%)	10.1	1.7	5.5	26.5	12.3	18.3	18.5	
Non-Interest Income	3,911	4,458	4,520	4,094	4,742	5,596	6,603	
Total Income	16,560	17,324	18,095	21,264	24,021	28,394	33,629	
Growth (%)	10.4	4.6	4.5	17.5	13.0	18.2	18.4	
Operating Expenses	9,029	8,466	10,126	13,397	15,377	17,689	20,427	
Pre Provision Profits	7,531	8,858	7,970	7,867	8,644	10,706	13,203	
Growth (%)	16.5	17.6	-10.0	-1.3	9.9	23.8	23.3	
Core PPop	6,878	7,431	7,161	7,758	9,045	11,242	13,899	
Growth (%)	13.1	8.0	-3.6	8.3	16.6	24.3	23.6	
Provisions	2,611	4,330	4,074	1,787	1,425	2,157	2,885	
PBT	4,919	4,528	3,895	6,080	7,220	8,549	10,317	
Tax	1,540	1,170	1,020	1,424	1,860	2,206	2,662	
Tax Rate (%)	31.3	25.8	26.2	23.4	25.8	25.8	25.8	
PAT	3,379	3,358	2,875	4,656	5,360	6,344	7,655	
Growth (%)	3.9	-0.6	-14.4	61.9	15.1	18.4	20.7	

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	3,104	3,105	3,110	3,115	3,128	3,128	3,128
Reserves & Surplus	31,108	34,471	37,365	42,515	47,551	53,112	59,986
Net Worth	34,212	37,576	40,475	45,630	50,679	56,240	63,114
Deposits	3,03,699	2,97,039	3,46,917	4,12,389	4,93,530	5,90,262	7,02,412
Growth (%)	6.8	-2.2	16.8	18.9	19.7	19.6	19.0
of which CASA Dep	65,192	67,865	92,811	1,08,956	1,28,811	1,56,419	1,88,949
Growth (%)	-4.3	4.1	36.8	17.4	18.2	21.4	20.8
Borrowings	34,080	44,823	40,818	41,181	62,195	60,034	72,260
Total Liabilities	3,85,051	3,96,021	4,47,926	5,23,628	6,30,336	7,35,015	8,71,391
Current Assets	35,459	30,393	40,908	23,684	30,659	31,865	35,635
Investments	77,415	84,137	90,507	1,25,825	1,62,109	1,88,046	2,23,775
Growth (%)	-1.3	8.7	7.6	39.0	28.8	16.0	19.0
Loans	2,53,453	2,57,372	2,90,958	3,43,807	4,09,246	4,84,956	5,77,098
Growth (%)	7.5	1.5	13.0	18.2	19.0	18.5	19.0
Fixed Assets	5,459	5,685	6,612	8,263	8,649	9,847	10,832
Other Assets	13,266	18,434	18,942	22,080	19,708	20,302	24,052
Total Assets	3,85,051	3,96,021	4,47,926	5,23,659	6,30,370	7,35,015	8,71,391

ASSET QUALITY

GNPA (INR M)	6,315	10,834	12,899	11,228	13,528	14,660	16,462
NNPA (INR M)	2,935	5,942	5,732	3,569	4,555	4,707	5,147
GNPA Ratio	2.46	4.13	4.33	3.19	3.23	2.96	2.80
NNPA Ratio	1.16	2.31	1.97	1.04	1.11	0.97	0.89
Slippage Ratio	2.7	2.7	6.5	5.4	3.9	3.4	3.1
Credit Cost	1.07	1.70	1.49	0.56	0.38	0.5	0.5
PCR (Excl Tech. write off)	53.4	43.9	53.5	68.2	66.3	67.9	68.7

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	10.0	9.4	8.8	9.2	9.8	9.5	9.4
Avg. Yield on loans	11.6	10.9	10.3	10.7	11.3	10.9	10.8
Avg. Yield on Investments	8.0	7.2	6.8	6.6	7.3	6.9	6.9
Avg. Cost-Int. Bear. Liab.	7.0	6.4	5.9	5.9	6.8	6.5	6.4
Avg. Cost of Deposits	6.9	6.3	5.9	5.9	6.4	6.4	6.3
Interest Spread	3.0	3.0	2.9	3.3	3.0	3.0	3.0
Net Interest Margin	3.7	3.6	3.6	4.0	3.7	3.7	3.7

Profitability Ratios (%)

CAR	17.8	19.7	18.9	17.6	16.6	15.4	14.3
Tier I	13.9	15.5	15.8	15.2	14.5	13.6	12.8
Tier II	3.9	4.2	3.1	2.4	2.1	1.8	1.5

Business & Efficiency Ratio (%)

Loans/Deposit Ratio	83.5	86.6	83.9	83.4	82.9	82.2	82.2
CASA Ratio	21.5	22.8	26.8	26.4	26.1	26.5	26.9
Cost/Assets	2.4	2.2	2.4	2.8	2.7	2.6	2.5
Cost/Income	54.5	48.9	56.0	63.0	64.0	62.3	60.7
Cost/ Core Income	56.8	53.3	58.6	63.3	63.0	61.1	59.5
Int. Expense/Int. Income	64.2	62.8	61.4	59.1	64.0	63.1	62.7
Fee Income/Net Income	19.7	17.5	20.5	18.7	21.4	21.6	21.7
Other. Inc./Net Income	23.6	25.7	25.0	19.3	19.7	19.7	19.6
Empl. Cost/Op. Exps.	50.8	51.2	53.2	51.7	51.7	52.1	51.9
CASA per branch (INR m)	204.5	194.0	192.8	232.0	255.2	284.6	326.0
Deposits per branch (INR m)	853.9	903.9	843.9	867.3	965.8	1,090.4	1,230.3
Busi. per Empl. (INR m)	84.8	81.4	86.2	79.0	76.3	83.6	92.2
NP per Empl. (INR lac)	5.3	4.9	5.2	3.6	4.7	5.0	5.4

Profitability and Valuations Ratios

RoE	11.2	10.0	7.8	11.5	11.9	12.6	13.5
RoA	0.9	0.9	0.7	1.0	0.9	0.9	1.0
RoRWA	1.4	1.4	1.2	1.6	1.7	1.7	1.8
Book Value (INR)	106	117	126	141	157	175	197
Growth (%)	10.1	10.3	7.9	12.0	11.0	11.3	12.6
Price-BV (x)	1.3	1.2	1.1	1.0	0.9	0.8	0.7
Adjusted BV (INR)	99	104	113	133	147	164	185
Price-ABV (x)	1.4	1.4	1.2	1.1	1.0	0.9	0.8
EPS (INR)	10.9	10.8	9.2	14.9	17.1	20.3	24.5
Growth (%)	3.6	-0.7	-14.5	61.7	14.6	18.4	20.7
Price-Earnings (x)	12.9	12.9	15.1	9.4	8.2	6.9	5.7
Dividend Per Share (INR)	1.2	0.0	1.0	1.0	2.0	2.5	2.5
Dividend Yield (%)	0.9	0.0	0.7	0.7	1.4	1.8	1.8

E: MOFSL Estimates

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